

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,  
BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND SCHEDULE OF FINDINGS

JUNE 30, 2014

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SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2013 Election)</b>		
Lee Ann Grimley	Board President	2017
Tami Gillmore	Vice President	2015
Todd Nulle	Board Member	2015
Laura Riley	Board Member	2015
Deanna Wagaman	Board Member	2017
<b>(After September 2013 Election)</b>		
Lee Ann Grimley	Board President	2017
Tami Gillmore	Vice President	2015
Todd Nulle	Board Member	2015
Laura Riley	Board Member	2015
Deanna Wagaman	Board Member	2017
<b>School Officials</b>		
Brian Ney	Interim Superintendent	2014
Stacey Matus	District Treasurer/Business Manager	Indefinite
Brian Gruhn	Attorney	Indefinite

# Kay L. Chapman, CPA PC

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563-264-1385  
kchapman@cpakay.com

## Independent Auditor's Report

To the Board of Education  
Springville Community School District

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District, Springville, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

##### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Springville Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 11, 2015 on my consideration of Springville Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Springville Community School District's internal control over financial reporting and compliance.

*Kay L. Chapman, CPA PC*

Kay L. Chapman, CPA PC  
February 11, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Springville Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2014 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$4,040,331 in fiscal 2013 to \$3,923,972 in fiscal 2014, and General Fund expenditures decreased from \$4,384,229 in fiscal 2013 to \$4,337,277 in fiscal 2014. The District's General Fund balance decreased from \$905,520 in fiscal 2013 to \$492,215 in fiscal 2014, a 46% decrease.
- The decrease in General Fund revenue was primarily due to a decrease in property tax revenue and a decrease of federal funds in FY14. The district's General Fund property tax rate decreased from \$10.96 in FY13 to \$10.80 in FY14. The decrease in property tax rate was attributed to the inability to levy for cash reserve in FY14 according to Iowa Code.
- The decrease in expenditures of 1% can be attributed to a decrease in purchased services, tuition, and technology equipment. The district made a concerted effort to reduce expenditures through the line item budget. The District's General Fund ending balance decreased by \$413,305 in FY14. The General Fund balance at June 30, 2014 was \$492,215 or 11% of the General Fund expenses.
- The District's unspent authorized budget decreased by \$223,721 from \$1,673,583 to \$1,449,862 a 13% decrease from FY13 to FY14.
- The District's General Fund solvency ratio (Unassigned fund balance + Assigned fund balance/General Fund revenues minus AEA Flow-through) at June 30, 2013 was 27%. The District's General Fund solvency ratio at June 30, 2014 was 9%.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Springville Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Springville Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.



Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor Governmental and Enterprise Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

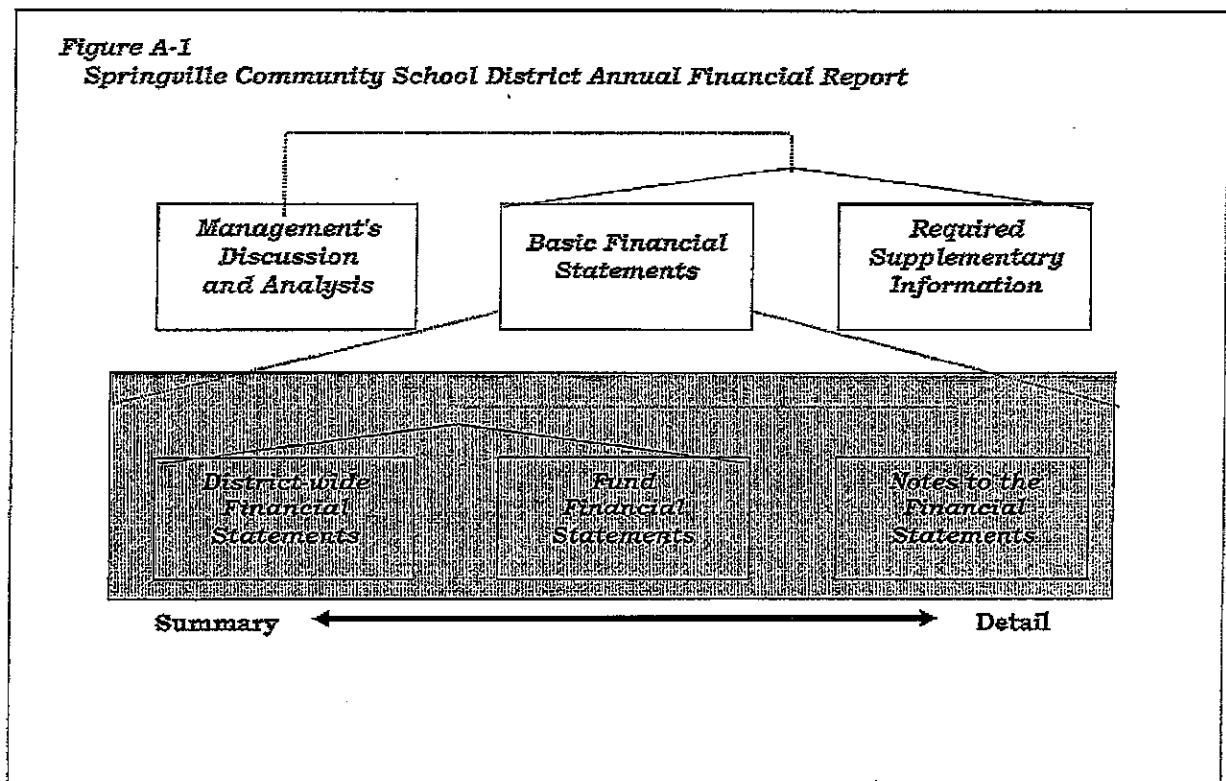


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>			
<b>Major Features of the Government-wide and Fund Financial Statements</b>			
	<b>Government-wide Statements</b>	<b>Fund Statements Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Scope</b>	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and preschool
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset/ liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
<b>Type of inflow/ outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To

assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and preschool programs are included here.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and Preschool Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the fund governmental financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3

Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 3,496,059	\$ 3,851,676	\$ 21,905	\$ 15,952	\$ 3,517,964	\$ 3,867,628	-9.04%
Capital assets	<u>5,011,112</u>	<u>4,994,271</u>	<u>42,957</u>	<u>48,982</u>	<u>5,054,069</u>	<u>5,043,253</u>	0.21%
Total assets	<u>8,507,171</u>	<u>8,845,947</u>	<u>64,862</u>	<u>64,934</u>	<u>8,572,033</u>	<u>8,910,881</u>	-3.80%
Long-term liabilities	3,056,550	3,194,572	-	-	3,056,550	3,194,572	-4.32%
Other liabilities	<u>547,828</u>	<u>656,319</u>	<u>14,941</u>	<u>15,606</u>	<u>562,769</u>	<u>671,925</u>	-16.25%
Total liabilities	<u>3,604,378</u>	<u>3,850,891</u>	<u>14,941</u>	<u>15,606</u>	<u>3,619,319</u>	<u>3,866,497</u>	-6.39%
Deferred inflows of resources	<u>1,525,980</u>	<u>1,357,138</u>	<u>-</u>	<u>-</u>	<u>1,525,980</u>	<u>1,357,138</u>	12.44%
Net position							
Net investment in capital assets	2,041,112	1,904,271	42,957	48,982	2,084,069	1,953,253	6.70%
Restricted	977,422	949,629	-	-	977,422	949,629	2.93%
Unrestricted	<u>358,279</u>	<u>784,018</u>	<u>6,964</u>	<u>346</u>	<u>365,243</u>	<u>784,364</u>	-53.43%
Total net position	<u>\$ 3,376,813</u>	<u>\$ 3,637,918</u>	<u>\$ 49,921</u>	<u>\$ 49,328</u>	<u>\$ 3,426,734</u>	<u>\$ 3,687,246</u>	-7.07%

The District's combined net position decreased by approximately 7%, or \$260,512, from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$27,793, or approximately 3% from the prior year. The increase was primarily a result of resources from the Early Literacy Grant and Teacher Leadership Grant.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$419,121, or approximately 53%. The decrease in unrestricted net position was primarily a result of the decrease in the General Fund due to the District's expenditures exceeding the District's revenue for FY14.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4

	Change in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues							
Program revenues							
Charges for service and sales	\$ 524,183	\$ 600,920	\$ 120,098	\$ 119,910	\$ 644,281	\$ 720,830	-10.62%
Operating grants	587,936	631,634	73,377	68,296	661,313	699,930	-5.52%
General revenues							
Property tax	1,446,278	1,439,422	-	-	1,446,278	1,439,422	0.48%
Statewide sales, services and use tax	328,277	349,346	-	-	328,277	349,346	-6.03%
Unrestricted state grants	1,672,230	1,601,320	-	-	1,672,230	1,601,320	4.43%
Contributions and donations	32,944	17,189	-	-	32,944	17,189	91.66%
Unrestricted investment earnings	3,700	5,663	26	10	3,726	5,673	-34.32%
Other	16,306	14,578	-	-	16,306	14,578	11.85%
Total revenues	<u>4,611,854</u>	<u>4,660,072</u>	<u>193,501</u>	<u>188,216</u>	<u>4,805,355</u>	<u>4,848,288</u>	-0.89%
Program expenses							
Governmental activities							
Instruction	2,963,533	2,925,100	-	-	2,963,533	2,925,100	1.31%
Support services	1,555,087	1,489,309	-	-	1,555,087	1,489,309	4.42%
Non-instructional programs	-	-	194,756	212,933	194,756	212,933	-8.54%
Other expenses	352,491	436,727	-	-	352,491	436,727	-19.29%
Total expenses	<u>4,871,111</u>	<u>4,851,136</u>	<u>194,756</u>	<u>212,933</u>	<u>5,065,867</u>	<u>5,064,069</u>	0.04%
Change in net position	(259,257)	(191,064)	(1,255)	(24,717)	(260,512)	(215,781)	20.73%
Transfers	(1,848)	-	1,848	-	-	-	0.00%
Net position beginning of year	<u>3,637,918</u>	<u>3,828,982</u>	<u>49,328</u>	<u>74,045</u>	<u>3,687,246</u>	<u>3,903,027</u>	-5.53%
Net position end of year	<u>\$3,376,813</u>	<u>\$3,637,918</u>	<u>\$ 49,921</u>	<u>\$ 49,328</u>	<u>\$3,426,734</u>	<u>\$3,687,246</u>	-7.07%

In fiscal 2014, property tax and unrestricted state grants account for 68% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for almost 100% of the revenue from business type activities.

The District's total revenues were \$4,805,355 of which \$4,611,854 was for governmental activities and \$193,501 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a less than 1% decrease in revenues and a .04% increase in expenses. The decrease in revenues is largely due to a decrease in open enrollment and special education tuition, grants, SAVE dollars, and investment earnings. The increase in expenditures occurred in the functional areas of instruction and support services.

## Governmental Activities

Revenues for governmental activities were \$4,611,854 and expenses were \$4,871,111 for the year ended June 30, 2014.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$ 2,963,533	\$ 2,925,100	1.3%	\$ 2,018,367	\$ 1,853,954	8.9%
Support services	1,555,087	1,489,309	4.4%	1,547,241	1,482,624	4.4%
Other expenses	<u>352,491</u>	<u>436,727</u>	-19.3%	<u>193,384</u>	<u>282,004</u>	-31.4%
Total expenses	<u>\$4,871,111</u>	<u>\$4,851,136</u>	0.4%	<u>\$3,758,992</u>	<u>\$3,618,582</u>	3.9%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$524,183.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$587,936.
- The net cost of governmental activities was financed with \$1,774,555 in property and other taxes and \$1,672,230 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities for the year ended June 30, 2014 were \$193,501 representing a 3% increase over the prior year and expenses totaled \$194,756, a 9% decrease from the prior year. The District's business type activities include the School Nutrition Fund and Preschool Fund for 3 year olds. Revenues of these activities were comprised of charges for services, tuition, federal and state reimbursements and investment income.

The increase in revenue from FY13 to FY14 in the School Nutrition Fund is due to the increase in meal receipts and increase in federal reimbursements. The decrease in expenditures in the Nutrition Fund is attributable to the decrease cost for food, supplies, and purchased services.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Springville Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,418,488 well below last year's ending fund balances of \$1,841,355. The primary reason for the decrease of \$422,867 in combined fund balances in fiscal 2014 is due to a decrease in revenue sources and expenditures exceeding the district's resources.

#### **Governmental Fund Highlights**

- The District's declining General Fund financial position is the result of many factors. Decrease in state aid as a result of declining enrollment, decrease in local property tax revenue, and decrease in revenue from federal sources. The District's expenditures exceeded the District's revenue for FY14 which requires the District to use its carryover fund balance to meet its financial obligations.
- The General Fund balance decreased from \$905,520 to \$492,215, due in part to the decrease in the District tax rate, federal revenue sources, increase of expenditures and the inability to levy for cash reserves.
- The Capital Projects - Statewide Sales, Services and Use Tax Fund balance decreased from \$520,474 to \$432,041.

#### **Proprietary Fund Highlights**

Enterprise Fund net position increased from \$49,328 at June 30, 2013 to \$49,921 at June 30, 2014, representing an increase of approximately 2%. The revenue and expenditures did not vary significantly from FY13 to FY14 for the Nutrition Fund and 3 year old Preschool Fund.

#### **BUDGETARY HIGHLIGHTS**

The District did not amend its budget during the year ended June 30, 2014.

The District's revenues were \$204,895 more than budgeted revenues, a variance of approximately 5%. The most significant variance resulted from the District receiving more in state and local revenue sources than anticipated and a significant increase in student activities and sales.

Total expenditures were \$460,968 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction functional are due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the District had invested \$5,054,069, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of less than 1% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$171,895.

The original cost of the District's capital assets was \$9,293,001. Governmental funds account for \$9,183,932, with the remainder of \$109,069 accounted for in the Proprietary, School Nutrition Fund.

The largest change was in the furniture and equipment category, which increased from \$223,651 at June 30, 2013 to \$303,228 at June 30, 2014 due to purchase of a bus and technology equipment.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$ 332,167	\$ 332,167	\$ -	\$ -	\$ 332,167	\$ 332,167	0.00%
Buildings and improvements	4,357,253	4,441,360	-	-	4,357,253	4,441,360	-1.89%
Site improvements	61,421	46,075	-	-	61,421	46,075	33.31%
Furniture and equipment	<u>260,271</u>	<u>174,669</u>	<u>42,957</u>	<u>48,982</u>	<u>303,228</u>	<u>223,651</u>	35.58%
Totals	<u>\$5,011,112</u>	<u>\$4,994,271</u>	<u>\$42,957</u>	<u>\$48,982</u>	<u>\$5,054,069</u>	<u>\$5,043,253</u>	0.21%

### Long-Term Debt

At June 30, 2014, the District had \$3,056,550 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of "A-" assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$5.6 million.



Figure A-7

	Outstanding Long-term Obligations		
	Total		Total
	School District		Change
	<u>2014</u>	<u>2013</u>	<u>2013-2014</u>
Revenue bonds	\$ 2,970,000	\$ 3,090,000	-3.88%
Termination benefits	13,874	34,687	-60.00%
Net OPEB liability	<u>72,676</u>	<u>69,885</u>	3.99%
Total	<u>\$ 3,056,550</u>	<u>\$ 3,194,572</u>	-4.32%

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District's certified enrollment on October 1, 2014 was down 5.4 students from October 1, 2013. The District has declined in enrollment a total of 137 students in the last 8 years. The District is hopeful that the enrollment has started to stabilize, which is critical in maintaining a sound financial position.
- July 1, 2014 the District will enter into a sharing agreement with the Linn Mar Community School District to share a ½ time superintendent in an effort to save administrative costs. The District will also enter into a sharing agreement with 4 other districts to share a Human Resources Manager. This offers the District cost savings and will generate \$83,304 in supplementary weighting from the State.
- The District held an election on September 9, 2014 to ask voters to approve a \$4.05 levy for an addition and renovation project to the elementary building. The voters did not approve the bond issue; therefore the District will need to decide how to proceed in meeting the facility needs at the elementary.
- The general fund balance decreased in FY14 due to the district's expenditures exceeding the revenues. As the increases in expenditures continue to exceed the District's new money the balance will continue to decline. The District has reduced staff, shortened contracts, and is monitoring all expenditures. The District realizes that with declining enrollment it is a necessity to reduce expenditures to protect the general fund balance.
- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. The District's unspent balance decreased \$223,721 from FY13 to FY14.
- The District has set solvency ratio targets of: Minimum-12%; Average-16%; and Maximum-20%. FY14 ended with a solvency ratio of 9%. It will be important to maintain an adequate cash reserve levy to stay within the targeted goal of financial solvency and it will be equally important to monitor and make adjustments to recurring expenses such as salaries and benefits which represent the majority of the operating budget.
- The requirements of the Affordable Health Care Act will impact the District's future employee benefit costs. The District currently has part-time employee groups that do not have health care coverage offered to them at an affordable rate as mandated through the Affordable Health Care Act. The magnitude of costs associated with the regulations is still unknown.

- The District will be allowed to generate operating funds by maximizing use of the cash reserve levy for FY15; which was not allowed in budget years FY13 and FY14 according to Iowa Code.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stacey Matus, District Secretary/Treasurer and Business Manager, Springville Community School District, 400 Academy Street, Springville, Iowa 52336.

## Basic Financial Statements

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2014

Exhibit A

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments			
Cash with fiscal agent	\$ 525,036	\$ -	\$ 525,036
Other	1,277,633	14,138	1,291,771
Receivables			
Property tax			
Delinquent	14,295	514	14,809
Succeeding year	1,525,980	-	1,525,980
Accounts receivable	2,865	-	2,865
Income surtax	75,622	-	75,622
Due from other governments	74,628	-	74,628
Inventories	-	7,253	7,253
Non-depreciable capital assets	332,167	-	332,167
Capital assets, net of accumulated depreciation	4,678,945	42,957	4,721,902
Total assets	<u>8,507,171</u>	<u>64,862</u>	<u>8,572,033</u>
<b>Liabilities</b>			
Accounts payable	124,495	297	124,792
Salaries and benefits payable	351,304	12,040	363,344
Accrued interest payable	72,029	-	72,029
Unearned revenue	-	2,604	2,604
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	125,000	-	125,000
Termination benefits payable	13,874	-	13,874
Portion due after one year			
Revenue bonds payable	2,845,000	-	2,845,000
Net OPEB liability	72,676	-	72,676
Total liabilities	<u>3,604,378</u>	<u>14,941</u>	<u>3,619,319</u>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	<u>1,525,980</u>	<u>-</u>	<u>1,525,980</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Position

June 30, 2014

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
<b>Net Position</b>			
Net investment in capital assets	\$2,041,112	\$ 42,957	\$ 2,084,069
Restricted for			
Categorical funding	137,052	-	137,052
Management levy purposes	63,338	-	63,338
Physical plant and equipment	32,686	-	32,686
Student activities	66,629	-	66,629
School infrastructure	432,041	-	432,041
Debt service	245,676	-	245,676
Unrestricted	358,279	6,964	365,243
Total net position	<u>\$3,376,813</u>	<u>\$ 49,921</u>	<u>\$ 3,426,734</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs Governmental activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Business Type Activities	Activities	Total
Instruction							
Regular instruction	\$ 2,054,399	\$ 297,799	\$ 375,854	\$ -	\$ (1,380,746)	\$ -	\$ (1,380,746)
Special instruction	490,659	60,191	49,279	-	(381,189)	-	(381,189)
Other instruction	418,475	162,043	-	-	(256,432)	-	(256,432)
	2,963,533	520,033	425,133	-	(2,018,367)	-	(2,018,367)
Support services							
Student	135,396	-	-	-	(135,396)	-	(135,396)
Instructional staff	148,021	-	1,936	-	(146,085)	-	(146,085)
Administration	624,088	-	-	-	(624,088)	-	(624,088)
Operation and maintenance of plant	492,084	-	-	-	(492,084)	-	(492,084)
Transportation	155,498	4,150	1,760	-	(149,588)	-	(149,588)
	1,555,087	4,150	3,696	-	(1,547,241)	-	(1,547,241)
Other expenses							
Facilities acquisition	4,764	-	-	-	(4,764)	-	(4,764)
Long-term debt interest	145,557	-	-	-	(145,557)	-	(145,557)
AEA flowthrough	159,107	-	159,107	-	-	-	-
Depreciation (unallocated) *	43,063	-	-	-	(43,063)	-	(43,063)
	352,491	-	159,107	-	(193,384)	-	(193,384)
Total governmental activities	4,871,111	524,183	587,936	-	(3,758,992)	-	(3,758,992)

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2014

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Business Type Activities	Activities	Total
<b><u>Functions/Programs (continued)</u></b>							
Business type activities							
Non-instructional programs							
Food service operations	\$ 189,703	\$ 114,136	\$ 73,377	\$ -	\$ -	\$ (2,190)	\$ (2,190)
Preschool program	5,053	5,962	-	-	-	909	909
Total business type activities	194,756	120,098	73,377	-	-	(1,281)	(1,281)
Total	\$ 5,065,867	\$ 644,281	\$ 661,313	\$ -	(3,758,992)	(1,281)	(3,760,273)
<b><u>General Revenues</u></b>							
Property tax levied for							
General purposes					1,256,757	-	1,256,757
Capital outlay					189,521	-	189,521
Statewide sales, services and use tax					328,277	-	328,277
Unrestricted state grants					1,672,230	-	1,672,230
Contributions and donations					32,944	-	32,944
Unrestricted investment earnings					3,700	26	3,726
Other					16,306	-	16,306
Transfers					(1,848)	1,848	-
Total general revenues					3,497,887	1,874	3,499,761
Change in net position					(261,105)	593	(260,512)
Net position beginning of year					3,637,918	49,328	3,687,246
Net position end of year					\$ 3,376,813	\$ 49,921	\$ 3,426,734

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet  
Governmental Funds  
June 30, 2014

		Capital Projects		
		Statewide	Nonmajor	
		Sales, Services	Governmental	
	General	and Use Tax	Funds	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments				
Cash with fiscal agent	\$ -	\$ 327,257	\$ 197,779	\$ 525,036
Other	901,492	78,870	297,271	1,277,633
Receivables				
Property tax				
Delinquent	12,313	-	1,982	14,295
Succeeding year	1,276,837	-	249,143	1,525,980
Accounts receivable	2,865	-	-	2,865
Income surtax	75,622	-	-	75,622
Due from other governments	48,664	25,914	50	74,628
Total assets	<u>\$2,317,793</u>	<u>\$ 432,041</u>	<u>\$ 746,225</u>	<u>\$3,496,059</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 121,645	\$ -	\$ 2,850	\$ 124,495
Salaries and benefits payable	351,304	-	-	351,304
Advances from grantors	170	-	-	170
Total liabilities	<u>473,119</u>	<u>-</u>	<u>2,850</u>	<u>475,969</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue				
Succeeding year property tax	1,276,837	-	249,143	1,525,980
Income surtax	75,622	-	-	75,622
Total deferred inflows of resources	<u>1,352,459</u>	<u>-</u>	<u>249,143</u>	<u>1,601,602</u>
<b>Fund balances</b>				
Restricted for				
Categorical funding	137,052	-	-	137,052
School infrastructure	-	432,041	-	432,041
Student activities	-	-	66,629	66,629
Management levy purposes	-	-	77,212	77,212
Physical plant and equipment	-	-	32,686	32,686
Debt service	-	-	317,705	317,705
Unassigned	355,163	-	-	355,163
Total fund balances	<u>492,215</u>	<u>432,041</u>	<u>494,232</u>	<u>1,418,488</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,317,793</u>	<u>\$ 432,041</u>	<u>\$ 746,225</u>	<u>\$3,496,059</u>
See notes to financial statements.				



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2014

Exhibit D

<b>Total fund balances of governmental funds</b>	<b>\$1,418,488</b>
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**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,011,112
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Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	75,792
--	--------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(72,029)
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Long-term liabilities, including bonds and notes payable, termination benefits and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,056,550)</u>
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<b>Net position of governmental activities</b>	<b><u>\$3,376,813</u></b>
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SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

Exhibit E

		Capital Projects		
		Statewide	Nonmajor	
Revenues	General	Sales, Services and Use Tax	Governmental Funds	Total
Local sources				
Local tax	\$1,252,431	\$ -	\$ 189,521	\$ 1,441,952
Tuition	330,235	-	-	330,235
Other	80,015	284	166,598	246,897
State sources	2,177,272	328,277	-	2,505,549
Federal sources	82,722	-	-	82,722
Total revenues	<u>3,922,675</u>	<u>328,561</u>	<u>356,119</u>	<u>4,607,355</u>
Expenditures				
Current				
Instruction				
Regular	2,060,750	-	2,656	2,063,406
Special	490,347	-	-	490,347
Other	268,152	-	149,156	417,308
	<u>2,819,249</u>	<u>-</u>	<u>151,812</u>	<u>2,971,061</u>
Support services				
Student	135,274	-	-	135,274
Instructional staff	120,626	-	74,707	195,333
Administration	594,428	-	28,409	622,837
Operation and maintenance of plant	365,070	-	34,150	399,220
Transportation	141,507	-	106,026	247,533
	<u>1,356,905</u>	<u>-</u>	<u>243,292</u>	<u>1,600,197</u>
Other expenditures				
Facilities acquisition	-	-	30,052	30,052
Long-term debt				
Principal	-	-	120,000	120,000
Interest and fiscal charges	-	-	147,957	147,957
AEA flowthrough	159,107	-	-	159,107
	<u>159,107</u>	<u>-</u>	<u>298,009</u>	<u>457,116</u>
Total expenditures	<u>4,335,261</u>	<u>-</u>	<u>693,113</u>	<u>5,028,374</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

Exhibit E

	General	Capital Projects Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total
Excess (deficiency) of revenues over (under) expenditures	\$ (412,586)	\$ 328,561	\$ (336,994)	\$ (421,019)
Other financing sources (uses)				
Interfund operating transfers in	1,297	-	417,174	418,471
Interfund operating transfers (out)	(2,016)	(416,994)	(1,309)	(420,319)
Total other financing sources (uses)	(719)	(416,994)	415,865	(1,848)
Change in fund balances	(413,305)	(88,433)	78,871	(422,867)
Fund balance, beginning of year	905,520	520,474	415,361	1,841,355
Fund balance, end of year	\$ 492,215	\$ 432,041	\$ 494,232	\$ 1,418,488

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014

Exhibit F

**Change in fund balances - total governmental funds** **\$ (422,867)**

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

Expenditures for capital assets	\$182,711	
Depreciation expense	<u>(165,870)</u>	16,841

Certain revenue not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	4,500
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Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	120,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Termination benefits	20,813	
Other postemployment benefits	<u>(2,792)</u>	18,021

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>2,400</u>
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**Change in net position of governmental activities** **\$ (261,105)**

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

Exhibit G

	<u>Nonmajor Enterprise</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 14,138
Accounts receivable	514
Inventories	<u>7,253</u>
Total current assets	21,905
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>42,957</u>
Total assets	<u>64,862</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	297
Salaries and benefits payable	12,040
Unearned revenue	<u>2,604</u>
Total liabilities	<u>14,941</u>
<b>Net Position</b>	
Investment in capital assets	42,957
Unrestricted	<u>6,964</u>
Total net position	<u>\$ 49,921</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

Exhibit H

	Nonmajor <u>Enterprise</u>
Operating revenue	
Local sources	
Charges for service	<u>\$120,098</u>
Operating expenses	
Support services	
Operation and maintenance of plant	<u>3,485</u>
Non-instructional programs	
Food service operations	186,218
Preschool operations	<u>5,053</u>
	<u>191,271</u>
Total operating expenses	<u>194,756</u>
Operating loss	<u>(74,658)</u>
Non-operating revenues	
Interest income	26
State sources	1,618
Federal sources	<u>71,759</u>
Total non-operating revenues	<u>73,403</u>
Net loss before transfers	(1,255)
Transfers in	<u>1,848</u>
Change in net position	593
Net position beginning of year	<u>49,328</u>
Net position end of year	<u>\$ 49,921</u>

See notes to financial statements.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

Exhibit I

	Nonmajor <u>Enterprise</u>
Cash flows from operating activities	
Cash received from sale of services	\$ 120,106
Cash payments to employees for services	(83,992)
Cash payments to suppliers for goods and services	(95,861)
Net cash used in operating activities	<u>(59,747)</u>
Cash flows from non-capital financing activities	
State grants received	1,618
Federal grants received	59,584
Net cash provided by non-capital financing activities	<u>63,050</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Interest on investments	<u>26</u>
Net increase in cash and cash equivalents	3,329
Cash and cash equivalents, beginning of year	10,809
Cash and cash equivalents, end of year	<u>\$ 14,138</u>
 <b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (74,658)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	6,025
Commodities used	12,175
(Increase) in accounts receivable	(235)
Decrease in due from other fund	1,170
(Increase) in inventory	(3,559)
Increase in accounts payable	170
Increase in unearned revenue	243
(Decrease) in accrued salaries and benefits	(1,078)
Net cash used in operating activities	<u>\$ (59,747)</u>

**Non-cash investing, capital and related financing activities.**

During the year ended June 30, 2014, the District received \$12,175 of federal commodities.

See notes to financial statements.

## SPRINGVILLE COMMUNITY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2014

#### Note 1. Summary of Significant Accounting Policies

The Springville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Springville, Iowa, and the agricultural territory in Linn County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### A. Reporting Entity

For financial reporting purposes, Springville Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Springville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:



*Net Investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects - Statewide Sales, Services and Use Tax Fund is used to account for the collection of the 1% statewide sales, services and use tax to be expended for school infrastructure purposes.

The District reports no major proprietary funds. However, it reports two non-major enterprise funds, the School Nutrition Fund and Preschool Fund, which are used to account for the school nutrition and preschool operations, respectively of the district.

#### C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The termination benefits liability has been computed based on rates of pay in effect at June 30, 2014. The termination benefits liability attributable to the governmental activities will be paid primarily from the Management Fund.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been

recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of tax and income surtax receivables not collected within sixty days after year end and amounts paid by students for meals not yet served.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and amounts paid by students for meals not yet served.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund equity is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation

Net position restricted through enabling legislation includes \$63,338 for management levy purposes, \$32,686 for physical plant and equipment, \$245,676 for debt service, \$66,629 for student activities and \$432,041 for school infrastructure.

#### E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures in the instruction functional area exceeded the amount budgeted.

#### F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

## Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer To	Transfer From	Amount
	Nonmajor special revenue	
General	Student activities	\$ 1,297
Nonmajor special revenue		
Student activities	General	180
Nonmajor enterprise		
School nutrition	General	1,836
Nonmajor governmental	Capital projects	
Debt service	Statewide sales, service and use tax	416,994
Nonmajor enterprise	Nonmajor special revenue	
School nutrition	Student activities	12
		<u>\$ 420,319</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. These transfers were to move funds from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund for payment of principal and interest on debt. The other transfers were to correct miscoding of expenditures.

#### Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance, Beginning of Year	Additions	Adjustments	Balance, End of Year
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 332,167	\$ -	\$ -	\$ 332,167
Capital assets being depreciated:				
Buildings and improvements	7,124,102	8,614	-	7,132,716
Site improvements	49,678	16,674	-	66,352
Furniture and equipment	1,495,274	157,423	-	1,652,697
Total capital assets being depreciated	8,669,054	182,711	-	8,851,765
Less accumulated depreciation for:				
Buildings and improvements	2,682,742	92,721	-	2,775,463
Site improvements	3,603	1,328	-	4,931
Furniture and equipment	1,320,605	71,821	-	1,392,426
Total accumulated depreciation	4,006,950	165,870	-	4,172,820
Total capital assets being depreciated, net	4,662,104	16,841	-	4,678,945
Governmental activities capital assets, net	\$ 4,994,271	\$ 16,841	\$ -	\$ 5,011,112
<b>Business type activities</b>				
Furniture and equipment	\$ 109,069	\$ -	\$ -	\$ 109,069
Less accumulated depreciation	60,087	6,025	-	66,112
Business type activities capital assets, net	\$ 48,982	\$ (6,025)	\$ -	\$ 42,957

Depreciation expense was charged to the following functions:

<b>Governmental activities</b>	
Instruction	
Regular	\$ 10,492
Other	901
Support services	
Instructional staff	12,277
Administration	773
Operation and maintenance of plant	5,643
Transportation	43,063
	73,149
Unallocated depreciation	92,721
Total governmental activities depreciation expense	\$ 165,870
<b>Business type activities</b>	
Food services	\$ 6,025

## Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
Revenue bonds	\$ 3,090,000	\$ -	\$ (120,000)	\$ 2,970,000	\$ 125,000
Termination benefits	34,687	-	(20,813)	13,874	13,874
Net OPEB liability	69,885	5,294	(2,503)	72,676	-
Totals	<u>\$ 3,194,572</u>	<u>\$ 5,294</u>	<u>\$ (143,316)</u>	<u>\$ 3,056,550</u>	<u>\$ 138,874</u>

Interest costs incurred and charged to expense on all long-term debt was \$145,557 for the year ended June 30, 2014. During the year ended June 30, 2014, the District made principal payments on total long-term debt of \$120,000.

### Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond issue of June 25, 2009			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2015	4.00%	\$ 141,557	\$ 125,000	\$ 266,557
2016	4.00%	136,357	135,000	271,357
2017	3.75%	131,032	140,000	271,032
2018	4.00%	125,507	145,000	270,507
2019	4.125%	119,514	150,000	269,514
2020-2024	4.375-4.875%	486,583	880,000	1,366,583
2025-2029	5.0-5.5%	233,787	1,130,000	1,363,787
2030	5.50%	7,288	265,000	272,288
Totals		<u>\$ 1,381,625</u>	<u>\$ 2,970,000</u>	<u>\$ 4,351,625</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,585,000 of bonds issued in June 2009. The bonds were issued to finance upgrades to the HVAC system at the buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 80% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,351,625. For the current year, \$120,000 of principal and \$146,457 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$328,277.



The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$327,257 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all the revenue bond provisions during the year ended June 30, 2014.

#### Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must have completed an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to one-half of the employee's salary for the year in which he/she applies to participate in the early retirement plan. The retiree receives the early retirement benefits in three equal payments with the first payment being made on or before July 2 in the calendar year in which the employee is approved for early retirement. The retiree may elect to leave their benefit in the Management Fund to be used to pay the retiree's medical insurance until the benefit is completely used.

At June 30, 2014, the District had obligations to three participants with a total liability of \$13,874. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$20,813.

#### **Note 6. Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 5.95%, 5.78% and 5.38% of their annual covered salary and the District was required to contribute 8.93%, 8.67% and 8.07% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$199,965, \$192,514 and \$168,343, respectively, equal to the required contributions for each year.

## Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 55 active and 5 retired members in the plan. Participants must be age 61 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 2,275
Interest on net OPEB obligation	3,019
Adjustment to annual required contribution	<u>(2,503)</u>
Annual OPEB cost	2,791
Contributions made	<u>-</u>
Increase in net OPEB obligation	2,791
Net OPEB obligation beginning of year	<u>69,885</u>
Net OPEB obligation end of year	<u>\$ 72,676</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed nothing to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 50,000	46.0%	\$ 27,000
2011	50,191	45.8%	\$ 54,191
2012	51,902	75.1%	\$ 67,093
2013	2,792	0.0%	\$ 69,885
2014	2,791	0.0%	\$ 72,676

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$15,784, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,784. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.3 million and the ratio of UAAL to covered payroll was .7%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **Note 8. Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **Note 9. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$159,107 adjusting entry to the cash basis financial statements.

#### **Note 10. Contingencies**

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

#### **Note 11. Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	
At-risk	\$ 12,897
Gifted and Talented	44,390
Teacher salary supplement	37,696
Statewide voluntary preschool	9,206
Early Literacy	11,374
Educator quality, professional development for model core curriculum	16,966
Educator quality, professional development	22
Teacher leadership	4,501
	<u>\$ 137,052</u>

## **Note 12. Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

### Required Supplementary Information

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual  
 All Governmental Funds and Proprietary Funds  
 Required Supplementary Information  
 For the Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
<b>Revenues</b>						
Local sources	\$2,019,084	\$120,124	\$2,139,208	\$2,350,211	\$2,350,211	\$ (211,003)
State sources	2,505,549	1,618	2,507,167	2,088,750	2,088,750	418,417
Federal sources	82,722	71,759	154,481	157,000	157,000	(2,519)
Total revenues	<u>4,607,355</u>	<u>193,501</u>	<u>4,800,856</u>	<u>4,595,961</u>	<u>4,595,961</u>	<u>204,895</u>
<b>Expenditures/Expenses</b>						
Instruction	2,971,061	-	2,971,061	2,964,600	2,964,600	(6,461)
Support services	1,600,197	3,485	1,603,682	1,936,140	1,936,140	332,458
Non-instructional programs	-	191,271	191,271	195,000	195,000	3,729
Other expenditures	457,116	-	457,116	588,358	588,358	131,242
Total expenditures/expenses	<u>5,028,374</u>	<u>194,756</u>	<u>5,223,130</u>	<u>5,684,098</u>	<u>5,684,098</u>	<u>460,968</u>
Deficiency of revenues under expenditures/expenses	(421,019)	(1,255)	(422,274)	(1,088,137)	(1,088,137)	665,863
Net other financing sources	<u>(1,848)</u>	<u>1,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(422,867)	593	(422,274)	(1,088,137)	(1,088,137)	665,863
Balance, beginning of year	1,841,355	49,328	1,890,683	1,578,025	1,578,025	312,658
Balance, end of year	<u>\$1,418,488</u>	<u>\$ 49,921</u>	<u>\$1,468,409</u>	<u>\$ 489,888</u>	<u>\$ 489,888</u>	<u>\$ 978,521</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures or expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend its budget during the year ended June 30, 2014.

During the year ended June 30, 2014, expenditures in the instruction function exceeded the amount budgeted.



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Funding Progress for the  
Retiree Health Plan  
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$290,000	\$290,000	\$ -	\$2,205,110	13.2%
2011	July 1, 2009	-	290,000	290,000	-	2,001,711	14.5%
2012	July 1, 2009	-	290,000	290,000	-	2,119,456	13.7%
2013	July 1, 2012	-	15,784	15,784	-	2,246,183	0.7%
2014	July 1, 2012	-	15,784	15,784	-	2,310,780	0.7%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying Independent Auditor's Report.

## Supplementary Information

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Schedule I

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>					
Cash, cash equivalents and pooled investments					
Cash with fiscal agent	\$ -	\$ -	\$ -	\$197,779	\$197,779
Other	69,479	77,212	30,654	119,926	297,271
Receivables					
Property tax					
Delinquent	-	-	1,982	-	1,982
Succeeding year	-	44,000	205,143	-	249,143
Due from other governments	-	-	50	-	50
Total assets	<u>\$69,479</u>	<u>\$ 121,212</u>	<u>\$237,829</u>	<u>\$317,705</u>	<u>\$746,225</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities					
Accounts payable	<u>\$ 2,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,850</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	<u>-</u>	<u>44,000</u>	<u>205,143</u>	<u>-</u>	<u>249,143</u>
Fund balances					
Restricted for					
Student activities	66,629	-	-	-	66,629
Management levy purposes	-	77,212	-	-	77,212
Physical plant and equipment	-	-	32,686	-	32,686
Debt service	-	-	-	317,705	317,705
Total fund balances	<u>66,629</u>	<u>77,212</u>	<u>32,686</u>	<u>317,705</u>	<u>494,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$69,479</u>	<u>\$ 121,212</u>	<u>\$237,829</u>	<u>\$317,705</u>	<u>\$746,225</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

Schedule 2

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Service</u>	<u>Total</u>
Revenues					
Local sources					
Local taxes	\$ -	\$ -	\$189,521	\$ -	\$189,521
Other	<u>162,043</u>	<u>1,643</u>	<u>2,912</u>	-	<u>166,598</u>
Total revenues	<u>162,043</u>	<u>1,643</u>	<u>192,433</u>	-	<u>356,119</u>
Expenditures					
Current					
Instruction					
Regular	-	2,656	-	-	2,656
Other	<u>149,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,156</u>
Total instruction	<u>149,156</u>	<u>2,656</u>	<u>-</u>	<u>-</u>	<u>151,812</u>
Support services					
Instructional staff	-	15,042	59,665	-	74,707
Administration	-	25,139	3,270	-	28,409
Operation and maintenance of plant	-	34,150	-	-	34,150
Transportation	<u>-</u>	<u>8,268</u>	<u>97,758</u>	<u>-</u>	<u>106,026</u>
Total support services	<u>-</u>	<u>82,599</u>	<u>160,693</u>	<u>-</u>	<u>243,292</u>
Other expenditures					
Facilities acquisition	-	-	30,052	-	30,052
Long-term debt					
Principal	-	-	-	120,000	120,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,957</u>	<u>147,957</u>
Total other expenditures	<u>-</u>	<u>-</u>	<u>30,052</u>	<u>267,957</u>	<u>298,009</u>
Total expenditures	<u>149,156</u>	<u>85,255</u>	<u>190,745</u>	<u>267,957</u>	<u>693,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,887</u>	<u>(83,612)</u>	<u>1,688</u>	<u>(267,957)</u>	<u>(336,994)</u>
Other financing sources (uses)					
Interfund operating transfers in	180	-	-	416,994	417,174
Interfund operating transfers (out)	<u>(1,309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,309)</u>
Total other financing sources (uses)	<u>(1,129)</u>	<u>-</u>	<u>-</u>	<u>416,994</u>	<u>415,865</u>
Change in fund balances	11,758	(83,612)	1,688	149,037	78,871
Fund balances, beginning of year	<u>54,871</u>	<u>160,824</u>	<u>30,998</u>	<u>168,668</u>	<u>415,361</u>
Fund balances, end of year	<u>\$ 66,629</u>	<u>\$ 77,212</u>	<u>\$ 32,686</u>	<u>\$317,705</u>	<u>\$494,232</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2014

Schedule 3

	<u>School</u>		
	<u>Nutrition</u>	<u>Preschool</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash, cash equivalents and pooled investments	\$12,105	\$ 2,033	\$14,138
Accounts receivable	514	-	514
Inventories	<u>7,253</u>	<u>-</u>	<u>7,253</u>
Total current assets	19,872	2,033	21,905
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>42,957</u>	<u>-</u>	<u>42,957</u>
Total assets	<u>62,829</u>	<u>2,033</u>	<u>64,862</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	297	-	297
Salaries and benefits payable	11,202	838	12,040
Unearned revenue	<u>2,604</u>	<u>-</u>	<u>2,604</u>
Total liabilities	<u>14,103</u>	<u>838</u>	<u>14,941</u>
<b>Net Position</b>			
Investment in capital assets	42,957	-	42,957
Unrestricted	<u>5,769</u>	<u>1,195</u>	<u>6,964</u>
Total net position	<u>\$48,726</u>	<u>\$ 1,195</u>	<u>\$49,921</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2014

Schedule 4

	School <u>Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Operating revenue			
Local sources			
Charges for service	\$ 114,136	\$ 5,962	\$120,098
Operating expenses			
Support Services			
Operation and maintenance of plant			
Purchased services	2,144	-	2,144
Supplies	1,341	-	1,341
	<u>3,485</u>	<u>-</u>	<u>3,485</u>
Non-instructional programs			
Food service operations			
Salaries	61,296	4,340	65,636
Benefits	17,735	713	18,448
Purchased services	3,737	-	3,737
Supplies	97,425	-	97,425
Depreciation	6,025	-	6,025
	<u>186,218</u>	<u>5,053</u>	<u>191,271</u>
Total operating expenses	<u>189,703</u>	<u>5,053</u>	<u>194,756</u>
Operating income (loss)	<u>(75,567)</u>	<u>909</u>	<u>(74,658)</u>
Non-operating revenue			
Interest income	26	-	26
State sources	1,618	-	1,618
Federal sources	71,759	-	71,759
Total non-operating revenue	<u>73,403</u>	<u>-</u>	<u>73,403</u>
Net income (loss) before transfers	(2,164)	909	(1,255)
Transfers in	1,848	-	1,848
Change in net position	(316)	909	593
Net position beginning of year	49,042	286	49,328
Net position end of year	<u>\$ 48,726</u>	<u>\$ 1,195</u>	<u>\$ 49,921</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2014

Schedule 5

	School <u>Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from sale of services	\$114,144	\$ 5,962	\$120,106
Cash payments to employees for services	(79,753)	(4,239)	(83,992)
Cash payments to suppliers for goods and services	(95,861)	-	(95,861)
Net cash provided by (used in) operating activities	<u>(61,470)</u>	<u>1,723</u>	<u>(59,747)</u>
Cash flows from non-capital financing activities			
State grants received	1,618	-	1,618
Federal grants received	59,584	-	59,584
Net cash provided by non-capital financing activities	<u>63,050</u>	<u>-</u>	<u>63,050</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest on investments	26	-	26
Net increase in cash and cash equivalents	1,606	1,723	3,329
Cash and cash equivalents, beginning of year	10,499	310	10,809
Cash and cash equivalents, end of year	<u>\$ 12,105</u>	<u>\$ 2,033</u>	<u>\$ 14,138</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss )	\$ (75,567)	\$ 909	\$ (74,658)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	6,025	-	6,025
Commodities used	12,175	-	12,175
(Increase) in accounts receivable	(235)	-	(235)
Decrease in due from other fund	-	1,170	1,170
(Increase) in inventory	(3,559)	-	(3,559)
Increase in accounts payable	170	-	170
Increase in unearned revenue	243	-	243
(Decrease) in accrued salaries and benefits	(722)	(356)	(1,078)
Net cash provided by (used in) operating activities	<u>\$ (61,470)</u>	<u>\$ 1,723</u>	<u>\$ (59,747)</u>

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2014 the District received \$12,175 of federal commodities.

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
For the Year Ended June 30, 2014

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Cross country	\$ 111	\$ 1,366	\$ 1,309	\$ -	\$ 168
Boys basketball	3,876	8,965	9,901	-	2,940
Football	1,235	20,423	20,818	-	840
Boys baseball	770	12,345	7,854	-	5,261
Boys track	126	297	420	-	3
Boys golf	4	567	551	-	20
Wrestling	106	1	-	-	107
Girls basketball	2,332	11,711	8,258	-	5,785
Girls volleyball	1,181	5,982	5,690	-	1,473
Girls softball	1,028	1,010	855	-	1,183
Girls track	292	1,279	1,198	-	373
Gate money	4,669	55,376	52,084	-	7,961
Activities director	244	-	244	-	-
Weight room	16	-	-	-	16
Cheerleading	669	7,273	7,741	-	201
Vocal resale	860	2,848	1,199	-	2,509
HS instrumental	1,477	5,092	4,336	-	2,233
Supply store	753	3	-	-	756
Elementary art club	4,019	293	119	-	4,193
Pictures	(1,587)	1,104	769	-	(1,252)
Jump Rope for Heart	122	1	-	-	123
Student senate - elementary	301	344	243	-	402
Fine arts	271	2,034	2,303	-	2
Elementary yearbook	1,760	1,841	1,966	-	1,635
Elementary instrumental resale	1,281	788	1,058	-	1,011
Book fair	3,817	4,349	4,762	-	3,404
Drama	1,383	173	440	-	1,116
Art club	2,234	441	1,930	-	745
Pictures	5,390	1,011	1,419	-	4,982
Dance	-	964	-	-	964
Garden project	418	2	-	-	420
MS Science Club	713	3	-	-	716
Archery Program	180	1,874	744	-	1,310

See accompanying Independent Auditor's Report.



SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
For the Year Ended June 30, 2014

Schedule 6

Account	Balance, End of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Yearbook	\$ 2,647	\$ 1,356	\$ 3,046	\$ -	\$ 957
Lego League	91	54	145	-	-
Mfg. Enterprise	152	147	-	-	299
Student senate - MS	1,304	177	-	-	1,481
Student senate - HS	1,885	770	400	-	2,255
Class of 2014	2,993	801	3,581	-	213
Class of 2015	837	7,629	3,968	-	4,498
Class of 2016	973	537	-	-	1,510
Class of 2017	1,249	5	43	-	1,211
Middle school social studies	392	-	392	-	-
Instrument repair	1,040	4	46	-	998
Totals	<u>\$ 54,871</u>	<u>\$ 162,223</u>	<u>\$ 150,465</u>	<u>\$ -</u>	<u>\$ 66,629</u>

See accompanying Independent Auditor's Report.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds  
For the Last Ten Years

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Local sources										
Local tax	\$1,441,952	\$1,841,031	\$2,222,483	\$2,293,510	\$2,275,398	\$2,129,621	\$2,023,376	\$1,433,756	\$1,294,457	\$1,235,683
Tuition	330,235	420,570	184,590	285,147	349,221	305,429	397,711	363,863	329,805	315,579
Other	246,897	217,782	169,937	170,552	174,992	237,613	221,034	192,006	151,998	124,320
State sources	2,505,549	2,095,795	2,102,138	2,283,639	1,960,731	2,273,695	2,380,698	2,318,082	2,246,880	2,083,190
Federal sources	82,722	139,752	187,134	250,962	298,143	169,611	105,700	143,883	85,608	64,116
<b>Total revenues</b>	<b>\$4,607,355</b>	<b>\$4,714,930</b>	<b>\$4,866,282</b>	<b>\$5,283,810</b>	<b>\$5,038,486</b>	<b>\$5,115,969</b>	<b>\$5,128,319</b>	<b>\$4,451,590</b>	<b>\$4,108,748</b>	<b>\$3,822,888</b>
<b>Expenditures</b>										
Current										
Instruction										
Regular	\$2,063,406	\$2,050,258	\$2,034,475	\$1,855,985	\$1,972,472	\$1,957,702	\$2,079,241	\$1,975,600	\$1,690,720	\$1,723,222
Special	490,347	507,369	376,048	307,526	425,680	477,178	379,056	391,669	388,496	426,064
Other	417,308	391,423	375,020	417,725	271,551	465,028	439,642	353,886	350,761	368,467
Support services										
Student	135,274	148,088	137,542	119,006	100,736	99,912	84,957	62,375	55,388	15,750
Instructional staff	195,393	97,858	94,894	77,947	109,824	124,337	166,948	150,601	156,447	165,882
Administration	622,837	686,507	647,203	555,462	517,238	531,365	504,787	472,893	428,280	437,637
Operation and maintenance of plant	399,220	425,248	414,565	394,143	369,381	374,395	404,437	367,717	355,078	343,560
Transportation	247,533	181,760	220,395	111,520	123,553	131,807	217,194	148,735	113,893	92,258
Other expenditures										
Facilities acquisition	30,052	68,943	89,259	1,698,201	2,531,340	213,318	45,821	20,821	84,260	43,784
Long-term debt										
Principal	120,000	235,000	225,000	220,000	185,000	180,000	180,000	170,000	175,000	165,000
Interest and other charges	147,957	156,468	165,119	173,429	99,822	71,134	20,345	23,580	26,504	31,081
AEA flowthrough	159,107	154,723	156,677	176,060	175,015	164,655	164,079	154,878	146,014	133,842
<b>Total expenditures</b>	<b>\$5,028,374</b>	<b>\$5,103,645</b>	<b>\$4,936,197</b>	<b>\$6,107,004</b>	<b>\$6,881,612</b>	<b>\$4,790,831</b>	<b>\$4,686,507</b>	<b>\$4,292,755</b>	<b>\$3,970,841</b>	<b>\$3,946,547</b>

See accompanying Independent Auditor's Report.

# Kay L. Chapman, CPA PC

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Springville Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Springville Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 11, 2015

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Springville Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Springville Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Springville Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiency described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springville Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Springville Community School District's Responses to Findings

Springville Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Springville Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Springville Community School District during the course of my audit. Should you have any questions concerning any of the about matters, I shall be pleased to discuss them with you at your convenience.

*Kay L. Chapman, CPA PC*

Kay L. Chapman, CPA PC  
February 11, 2015

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2014

**Part I. Findings Related to the Financial Statements**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROLS DEFICIENCY**

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performed incompatible duties. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

**Part II. Other Findings Related to Required Statutory Reporting:**

1. Certified Budget - Expenditures for the year ended June 30, 2014 exceeded the certified budget amount in the instruction functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in compliance with the Code of Iowa to ensure the certified budget amounts are not exceeded.

Conclusion - Response accepted.

2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinions dated April 25, 1979 were noted.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

For the Year Ended June 30, 2014

3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education.
11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

SPRINGVILLE COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2014

Beginning balance		\$ 520,474
Revenues		
Statewide sales and services tax revenue	\$ 328,277	
Other local revenues	<u>284</u>	328,561
Expenditures/transfers out		
Debt service for school infrastructure		
Revenue debt	<u>416,994</u>	
Ending balance		<u>\$ 432,041</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

SPRINGVILLE COMMUNITY SCHOOL DISTRICT

Audit Staff

June 30, 2014

This audit was performed by

Kay Chapman, CPA

Terri Slater, staff accountant